

Message Text

CONFIDENTIAL

PAGE 01 JAKART 01729 060805Z

14

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

/063 W

----- 081788

R 060720Z FEB 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2595

INFO AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L JAKARTA 1729

E.O. 11652: GDS

TAGS: PINT, ETRD, ID

SUBJECT: SUHARTO ORDERS CRACKDOWN ON SMUGGLING

REF : 75 JAKARTA 13461

1. SUMMARY: PRESIDENT SHRARTO, AT SUB-CABINET ECONOMIC STABILIZATION COUNCIL MEETING FEBRUARY 3, ORDERED ECONOMIC MINISTERS AND ATTORNEY GENERAL TO TAKE STRONG ACTION AGAINST SMUGGLING AND TO TREAT IT AS CRIME OF "ECONOMIC SUBVERSION." PREVIOUS GOI ANTI-SMUGGLING CAMPAIGNS IN RECENT YEARS HAVE FAILED, AND UNLESS THIS NEW INITIATIVE IS FOLLOWED UP WITH UNPRECEDENTED ENFORCEMENT MEASURES AS WELL AS ADMINISTRATIVE AND TARIFF REFORM, IT WILL PROBABLY FAIL ALSO. END SUMMARY.

2. CABINET SPOKESMAN MASHURI TOLD PRESS AFTER FEBRUARY 3 COUNCIL MEETING THAT SUHARTO'S INSTRUCTION WAS BASED ON SERIOUS ECONOMIC AND SOCIAL CONSEQUENCES OF SMUGGLING, INCLUDING HARM TO LOCAL INDUSTRY AND EMPLOYMENT. MASHURI NOTED THAT TREATING SMUGGLING AS ECONOMIC SUBVERSION WILL ENABLE GOVERNMENT TO PROSECUTE UNDER ANTI-SUBVERSION LAW WHICH AUTHORIZES DETENTION FOR UP TO ONE YEAR WITHOUT TRIAL. (LAW ALSO PERMITS MAXIMUM CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 01729 060805Z

DEATH PENALTY.)

3. SMUGGLING HAS BEEN SUBJECT OF MUCH OFFICIAL COMMENT IN RECENT MONTHS FOLLOWING ANNOUNCEMENT BY ATTORNEY GENERAL ALI SAID LAST NOVEMBER 1 THAT SUHARTO HAS ASKED HIM TO TAKE "DRASTIC" ANTI-SMUGGLING MEASURES (REFTEL). JAKARTA NEWSPAPERS HAVE SEIZED ON OFFICIAL STATEMENTS OF CONCERN TO URGE CLEANUP AND HAVE RUN INVESTIGATIVE REPORTS OF FOUL PLAY BY CUSTOMS OFFICIALS, WHO ARE MORE OFTEN THAN NOT ACCOMPLICES OF SMUGGLERS. THEY HAVE ALSO REPORTED PROLIFERATION OF SMUGGLED LUXURY AND OTHER GOODS IN JAKARTA'S DOWNTOWN BAZAARS, SELLING AT BARGAIN PRICES.

4. ATTORNEY GENERAL ALI SAID AND BAKIN CHIEF YOGA SUGAMA, DISPLAYING INDONESIAN PENCHANT FOR CONSPIRACY THEORY, HAVE ATTRIBUTED SMUGGLING, IN PART, TO "ORGANIZED" INTERNATIONAL FORCES. YOGA TOLD GROUP OF OFFICIALS AT ANTI-SMUGGLING WORKSHOP IN NOVEMBER THAT "POLITICAL SUBVERSION" WAS INVOLVED, SINCE \$40 MILLION OF CHINESE COMMUNIST MERCHANDISE HAD BEEN SMUGGLED INTO INDONESIA.

5. COMMENT: ALTHOUGH SMUGGLING MAY HAVE ECONOMIC VIRTUE WHERE, AS IS SOMETIMES THE CASE, HIGH TARIFFS SERVE ONLY TO PROTECT UNREASONABLY HIGH PROFIT MARGINS FOR DOMESTIC PRODUCERS, IT HAS HURT OTHER INDUSTRIES SUCH AS TEXTILES, WHICH REQUIRES DEGREE OF PROTECTION FROM WIDESPREAD DUMPING BY NORTH ASIAN PRODUCERS. MORE IMPORTANT, IN ADDITION TO SERIOUS DEMORALIZING EFFECT OF CORRUPTION, THE COMPLEX CHAIN OF PAYOFFS AND MANIPULATION IN THE CUSTOMS AND, OTHER DEPARTMENTS WHICH ACCOMPANIES SMUGGLING CREATES COSTLY DELAYS THESE ARE MAJOR IMPEDIMENT TO COMMERCE AND INDUSTRY. SUHARTO'S PROMISE TO CRACK DOWN ON SMUGGLING IS THEREFORE WELCOME NEWS, BUT, AS EMBASSY HAS PREVIOUSLY COMMENTED, IN WOULD BE INCAUTIOUS TO EXPECT TOO MUCH FROM THIS LATEST INITIATIVE, IN VIEW OF PUNY RESULTS OF PREVIOUS ANTI-SMUGGLING CAMPAIGNS. REAL SOLUTION TO SMUGGLING WOULD REQUIRE RUTHLESS CLEANUP OF THE CORRUPT, TIGHTLY-KNIT GUILD WHICH CONTROLS THE CUSTOMS AND THEIR PATRONS IN THE GOVERNMENT, REDUCTION OF SOME TARIFFS TO MORE REALISTIC LEVELS, AND OVERHAUL OF TANGLED IMPORT AND CUSTOMS REGULATIONS. THIS PROCESS WILL REQUIRE MORE DETERMINATION AND MUSCLE THAN GOI HAS BEEN WILLING TO SUMMON IN THE PAST.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JAKARTA 01729 060805Z

NEWSOM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SMUGGLING, POLICIES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976JAKART01729
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760045-1047
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760275/aaaacnwe.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 JAKARTA 13461
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2004 by greeneet>; APPROVED <16 SEP 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUHARTO ORDERS CRACKDOWN ON SMUGGLING
TAGS: PINT, ETRD, ID, (SUHARTO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006